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This Week in Canadian Agriculture, Issue 4 2004

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Report Highlights:

CANADA WON'T FOLLOW FDA FEED BAN ON BLOOD * HIGHER BEEF PRODUCTION IN 2004;
DECLINE IN PORK OUTPUT * MAPLE LEAF FOODS LAUNCHES DNA PORK TRACEABILITY
PROGRAM * CWB ANNOUNCES JOB CUTS AFTER COMPLETING INTERNAL REVIEW *
BIODIESEL POTENTIAL NEW MARKET FOR CANOLA *

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA WON'T FOLLOW FDA FEED BAN ON BLOOD: According to a Canadian Food Inspection Agency (CFIA) spokesperson, Canada has no immediate plans to follow an FDA ban on the feeding of blood to ruminants as a protein source, but will continue to study the issue. Earlier this week, the FDA announced it will eliminate the present exemption in the feed rule that allows mammalian blood and blood products to be fed to other ruminants. The CFIA said that Canada had already banned other practices listed in the FDA announcement including using table scraps and poultry litter in animal feed.

HIGHER BEEF PRODUCTION IN 2004; DECLINE IN PORK OUTPUT: Canada has a large inventory of cattle following the disruption to the supply chain caused by the May 2003 discovery of BSE in Alberta and the subsequent closure of the U.S. border to live cattle from Canada. While uncertainty surrounds Canadian beef production levels for 2004, beef output in 2004 may show a double-digit increase over the 2003 level. Canadian beef exports are forecast to rebound to pre-BSE levels reflecting strengthening sales to its top two markets, the U.S. and Mexico. Canadian pork production in 2004 is forecast to fall from its record level during 2003. Two elements that will limit pork production this year are the expectation of a lower beginning inventory when Statistics Canada releases the data next month and a continued high level of live feeder pig exports to the United States. About one hog in five born in Canada will be fed, raised and slaughtered in the United States. For more information on production and trade developments in Canada's livestock sector, see CA4005, Livestock Semi-Annual on the FAS website (attaché reports) in early February.

MAPLE LEAF FOODS LAUNCHES DNA PORK TRACEABILITY PROGRAM: Maple Leaf Foods, one of Canada's leading food processing companies, has announced that it is ready to launch the first commercial application of its DNA traceability program. According to the company, the DNA traceability system will allow Canadian pork marketed anywhere in the world to be traced back to the maternal sow, a system that will provide far-reaching benefits for food safety and the Canadian pork industry. The company believes this will provide the Canadian pork industry with a major competitive advantage and enable the promotion of a "Made in Canada" brand. It also claims that DNA traceability provides further assurance to consumers that they are getting pork from healthy hogs, raised under the third-party audited Canadian Quality Assurance program (established by the Canadian Pork Council). The traceback system will be implemented at one of Maple Leaf's plants in the spring of 2004, and is targeted to provide fully traceable pork products to the Japanese market by the fourth quarter of 2004.

CWB ANNOUNCES JOB CUTS AFTER COMPLETING INTERNAL REVIEW: After rumors in the media of Canadian Wheat Board (CWB) staffing reductions expected to the tune of approximately 100, the CWB made it official on January 27. In a news release, the CWB announced that about 135 staff/positions are being eliminated following the completion of an internal review. At full staffing, the CWB employs 584 people at its headquarters in Winnipeg, regional offices in Saskatoon, SK, Airdrie, AB, Vancouver, BC, and its international offices in Beijing and Tokyo. The staff reductions will come from a combination of a hiring freeze (where all vacant positions will be eliminated), outsourcing and terminations. CWB

President and CEO Adrian Measner said between 20 and 30 of those job cuts will come through attrition (*as many are already vacant*). But about 100 layoff notices will go out in February with all the jobs to be eliminated by July 2004. The changes are expected to save the CWB \$5.5 million per year out of an administrative budget of \$66 million.

BIODIESEL POTENTIAL NEW MARKET FOR CANOLA: The January 27 edition of *FarmAssist.ca* reported that canola growers in Saskatchewan are looking at biodiesel as a major future domestic market, and their enthusiasm is matched by industry players such as Saskatchewan Wheat Pool (SWP). SWP chief executive officer Mayo Schmidt says canola will one day be grown specifically for processing into a biodiesel fuel that will be an additive for farm and transportation fuel. Furthermore, he says, to reach emission levels under the Kyoto protocol - an international agreement to reduce greenhouse gases - the Canadian government is seriously considering producing 500 million litres of biodiesel. Biodiesel is now being processed from canola at Milligan Bio-Tech Inc., Foam Lake, SK. The fuel is being used in a small trial being conducted by Saskatoon Transit, which is operating two buses on a five percent biodiesel blend.

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CA4004	Grain and Feed Monthly Update	1/14/2004

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